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Canada's Export Market Report on the  
**People's Republic of China**



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# Canada's Export Market Report on the People's Republic of China



MARCH 1985



## PREFACE

THIS EXPORT MARKET REPORT FOR THE PEOPLE'S REPUBLIC OF CHINA (PRC) has as its principal objective the provision of relevant, timely and accurate information to Canadian businessmen in order that they can formulate whatever export marketing strategy or plan of action for the PRC market is appropriate for their corporate objectives.

This report provides information on market opportunities in the People's Republic of China by sector, as well as advice to companies on areas to consider in the development of their own PRC export marketing program. An overview of the PRC market provides background information on Canada's commercial and economic relations with the PRC, current patterns of trade, and information on trade promotion and services.

Readers will be aware of the variety of services and assistance available to them from the embassy or commission, through the various departments of the federal government, as well as through provincial ministries of industry and trade, trade associations and the international centres of Canada's major commercial banks. A Canada China Trade Council has been established to foster two-way trade and to provide a convenient forum for the private sector to discuss trade issues.

Should the market opportunities section provide encouragement to your company, whether you are a new exporter to the PRC or one considering expansion there, you are urged to take advantage of these services. Readers may wish to refer to *EXPORT ROADMAP*, a publication of the Canadian Export Association (available from the DRIE regional offices) which clarifies for exporters the points of contact in the various federal government departments and agencies responsible for export promotion.

Similar market reports have been prepared for other countries offering significant export opportunities including the United Kingdom, the Association of South East Asian Nations (ASEAN), and Australia.

The Department of External Affairs is anxious to ensure the continuing relevance of market reports to the needs of the Canadian corporate community. Readership surveys are undertaken to measure the utility of these reports, and if you are contacted in this regard, your co-operation in providing information is appreciated. Companies wishing to make comments directly to this department should contact the Trade Development Policy and Planning Division, Department of External Affairs, L.B. Pearson Building, 125 Sussex Drive, Ottawa, Ontario, K1A 0G2.

## People's Republic of China

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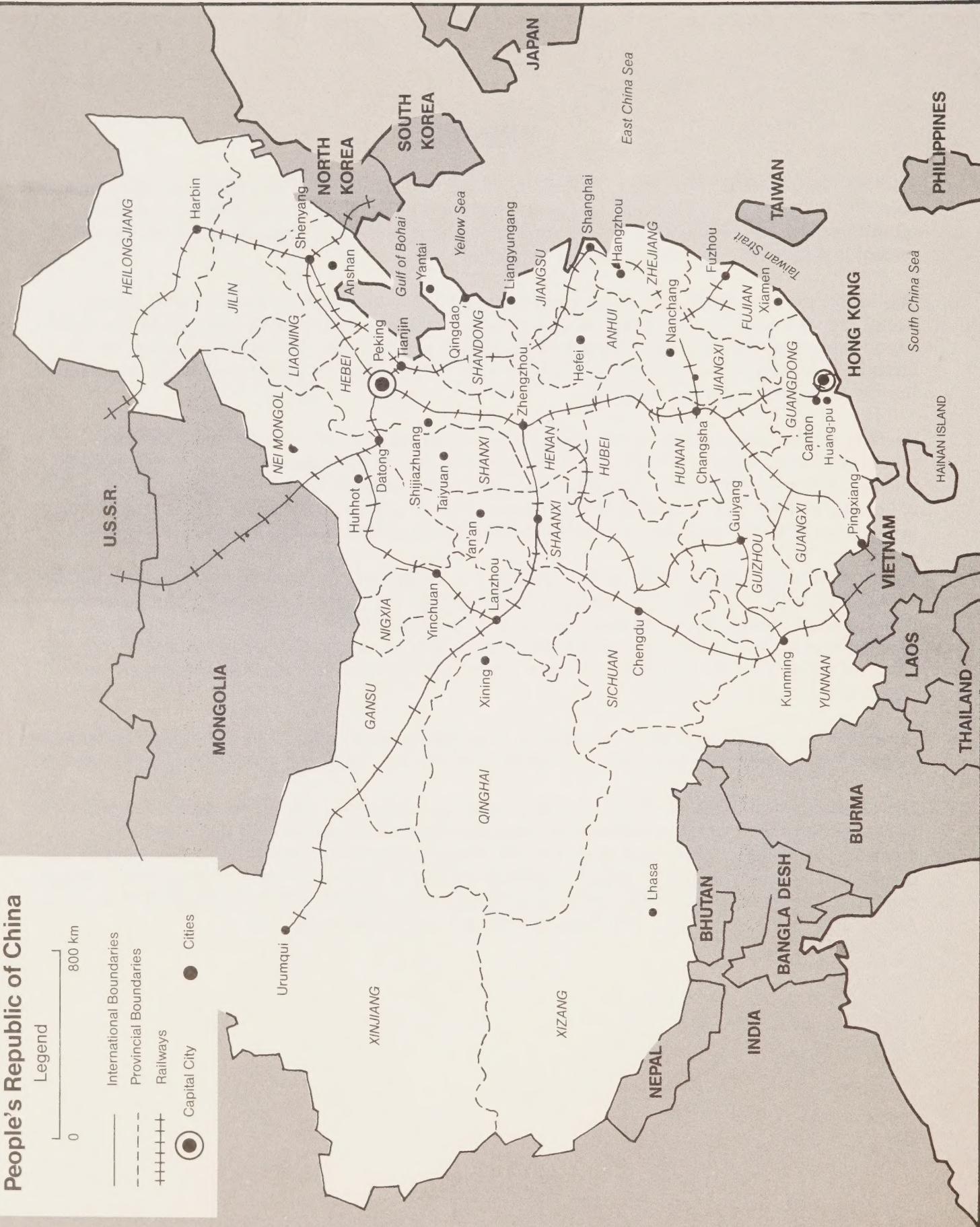
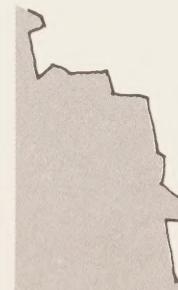
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Railways

Capital City



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## I. SUMMARY OF REPORT

Canada's trading relationship with the PRC has been a healthy one, having witnessed, with few exceptions, steady annual growth since the establishment of diplomatic relations in October 1970. In fact, China in 1983 was Canada's fifth-largest export market. The foundation of Canada's export trade to China has been wheat, fertilizers, metals and forest products. More recently Canadian industrial products, including aircraft, telecommunications equipment, computers, geophysical and mining equipment, oil and gas field equipment, agricultural equipment and technology have been making inroads into the Chinese market for high technology products. The PRC is an enormous market where the exporter must be selective of product and location. It is necessary to make a long-term commitment. Hong Kong, as an entrepot to the PRC is a logical point to begin market development.

The basic challenge in China is to broaden the range of our exports. It would appear to be in Canada's interest to concentrate on sectors where China has indicated significant import requirements and where Canada has a demonstrated supply and technological capability. We must strive to maintain and expand Canada's traditional commodity markets in China and develop the market for manufactured goods.

China's current five-year plan projects economic growth over the period of 4 to 5 per cent. The plan emphasizes China's agriculture and infrastructure including energy and transportation sectors, as well as the substantial upgrading of existing industrial enterprises. These enterprises, as well as China's agricultural producers, are being encouraged to assume more individual responsibility for production planning and use of profits. The National People's Congress (NPC) gave its endorsement to a continuation of China's "open door policy." The five-year plan calls for an increase in foreign trade averaging 8.7 per cent a year. Of interest to Canadian exporters is the fact that China plans imports to grow faster than exports. Most of China's imports during the period of the current plan are expected to take the form of capital equipment (29 per cent) and semi-finished goods (36 per cent) with raw materials (19 per cent) and food products (16 per cent) playing a lesser role in the total composition.

The PRC has a centrally planned economy, and traditionally her trade has been conducted by several sector-oriented national foreign trade corporations (FTCs). Formerly, the FTCs negotiated export and import contracts on behalf of end users on a virtually exclusive basis. Since 1978, however, policies aimed at creating a more flexible and efficient trade system have resulted in a more decentralized system in which new organizations at the ministerial, provincial and municipal levels have emerged. Some of these have authority to conclude commercial agreements independently of the traditional foreign trade apparatus. These agreements not only include

contracts for goods and services but also allow for compensation trade and joint ventures. Marketing is often aimed directly at the end user with the FTC playing a role limited to contract negotiation and management.

In order to develop more fully Canada's trading relationship with the PRC, the Canadian Department of External Affairs maintains trade commissioners at the Canadian Embassy in Peking and has a trade commissioner for South China attached to the embassy but working out of the commission for Canada in Hong Kong. The staff at the embassy and commission are available to assist Canadian exporters with their export initiatives in China. Canada's trade commissioners provide knowledge of Chinese business practices and language, economic trends, and contacts with the foreign trade apparatus in the PRC.

In order to promote China's exports to Canada, the PRC also maintains commercial sections at its embassy in Ottawa and consulate general in Vancouver and is in the process of establishing another consulate general in Toronto.

On the whole, China's more pragmatic approach to economic development, including entrepreneurship and foreign economic relations combined with the country's rich natural and human resources, points toward promising potential for furthering Canada's economic relationship with the PRC. However, since the competition for the burgeoning Chinese market is intense, Canadians will have to become price and quality competitive.

## II. MARKET OPPORTUNITIES BY SECTOR

### 1. NATURAL RESOURCE PRODUCTS

#### Forest Products

##### Introduction

The PRC represents a major market for Canadian forest product exports, amounting to more than \$200 million in 1983. A major Canadian objective is to shift wood product exports from the current high volume of logs towards increased quantities of lumber and other items such as plywood. The wood products surveyed in this section include softwood lumber, softwood logs, poplar, aspen and cottonwood logs, pulp and paper, and converted wood and paper products. China suffers from a marked shortage of timber and pulp, which has necessitated substitution by less suitable products. Recent indicators suggest an emerging construction industry and the need for China to consider reforestation and the use of modern technology. These are areas where Canada possesses considerable expertise.

China's forest cover includes coniferous, mixed, and deciduous forests. About 60 per cent of the country's commercial forests are located in the northeast region. The principal species are larch, pine and spruce. Extraction costs are considerable because of infrastructure limitations and the climate is often not conducive to forestry operations. Winter temperatures can reach as low as  $-50^{\circ}\text{C}$  and much of the land is permafrost. It is generally accepted that it will be difficult for the northeast region to fully supply China's domestic needs, and that imports will continue.

#### Wood Products

With economic expansion, substantially increased demand for wood products is anticipated.

Recent Canadian wood products exports to China are summarized in the following table:

		Volume	Value
		(cubic metres)	(\$000)
Softwood lumber	1983	314,272	39,420
	1982	80,266	9,116
Softwood logs	1983	350,699	26,223
	1982	191,497	17,793
Poplar, aspen, cottonwood logs	1983	199,565	6,305
	1982	40,489	1,716

Source: Statistics Canada

The United States exported 3.3 million cubic metres of softwood logs worth U.S. \$228 million to China in 1983, of which 69 per cent was Douglas fir which is less available in Canada. Only 63,000 cubic metres

of softwood lumber worth U.S. \$4 million were exported from the United States to China. Other suppliers include the Soviet Union and Chile. Over the long term, softwood logs are expected to become increasingly difficult to obtain on world markets and this should lead to increased opportunities for Canadian lumber.

#### Converted Wood and Paper Products

With the Chinese priority on industrial development and the provision of jobs for its large labour force, there is limited opportunity for the import of finished wood products. An exception is in the area of wood frame manufactured buildings, particularly camps for industrial and military purposes, where there may be selected opportunities and where the Canadian industry has technological expertise and export experience.

There are also opportunities for Canadian companies in the packaging sector where the Chinese have identified problems in their exports, especially of consumer goods.

#### Pulp and Paper

The Chinese pulp and paper industry will be one of the first manufacturing industries to be modernized. A sharp increase in demand for paper is anticipated from the government's renewed emphasis on education, science and technology and the need for textbooks and greater newspaper circulation. This policy has already resulted in a domestic shortage of paper. Also, China's planned increase in light industrial exports is expected to put demand pressure on the pulp and paper industry. As export shipments expand, large quantities of paperboard and laminated papers will be required for packaging.

China's purchases of Canadian pulp continued to increase through 1983 at 296,531 tonnes versus 188,279 tonnes in 1982. Prices in these years ranged from \$397.00/tonne to \$459.00/tonne. Officials of the Chinese Bureau of the Paper Industry (BPI) expect this trend to continue but at the same time have requested an "on site" evaluation of Canadian pulp use in the paper-making process.

Pulp sales prospects to China are expected to remain good and, given a successful outcome to the BPI technical evaluation mission, can be expected to increase in the future.

Purchases of Canadian newsprint, on the other hand, reflect a marked downward trend in the 1981-83 period. BPI comment implied an increasing China self-sufficiency in production of this grade based on imported pulp; capacity increases are known to be well along the planning stage (e.g., Jilin Mill #1 has developed its plans for a 60,000 t.p.y. expansion of newsprint capacity scheduled tentatively for 1986-87 start-up). Based on China's annual imports of



purchased refined copper worth \$135 million. Traditionally, the Chinese have purchased copper on a spot basis on the London Metal Exchange (L.M.E.) using the services of metal traders, although they do have some contacts with producers in developing countries.

## Synthetic Resins

Canadian exports of synthetic resins to China amounted to \$34 million in 1981, \$50 million in 1982 and \$16 million in 1983. Most of this material was low-density polyethylene (LDPE) resin.

Five new polyethylene plants have been proposed by the Chinese for five locations within China. Since Canada has one of the most advanced manufacturing technologies available, Canadian companies have a good chance of providing the required technology, some of the equipment, and engineering design services for several plants.

## Cereal Grains and Other Agricultural Products

### Introduction

China's population is now more than one billion. Enormous efforts must be made to see that grain production and other sectors of agriculture grow proportionately to meet the needs of population growth and satisfy the needs of industry.

Fully 80 per cent of the population is employed in agriculture, which generates one-quarter of China's gross national product. Thus, the performance of this sector is a major determinant of the success of China's modernization plan, and a major determinant of the nation's standard of living. In 1983 the agricultural sector of the Chinese economy showed an impressive 9.5 per cent real growth rate.

### Wheat and Other Cereal Grains

Although the People's Republic of China is a large producer of wheat and other cereal grains, it has consistently imported large quantities of cereals, primarily wheat, for many years. The principal suppliers of wheat to China are the United States, Canada, Australia and Argentina.

While China's wheat imports account for only about 4 per cent of their total grain requirements, they

make up about 15 per cent of world trade in wheat. Grain imports rose sharply in 1980-81 and have stabilized at about 13 million tonnes.

China is expected to continue importing substantial quantities of grain annually. The country's population (more than 40 per cent of which is under the age of 15) is growing at an annual rate of about 2 per cent. Further, domestic demand for meat is expected to increase gradually in response to rising income levels and urbanization. This will create increased demand for imported feed grains for livestock. The current livestock economy is based on pigs which are fed a variety of feeds and raised on small units and in households.

The PRC is a price-conscious market, traditionally buying the lower grades of Canadian Western Red Spring (CWRS) wheat to the extent they are available.

The PRC could emerge as a market for Canadian malting barley. The first sale of malting barley was made in 1982 by the Canadian Wheat Board. This 50,000-tonne contract was followed by a 26,500-tonne sale by private Canadian grain trading sources to bring total 1981-82 sales to 76,500 tonnes. Sales in the 1982-83 crop year totalled 82,800 tonnes, all direct sales by the Canadian Wheat Board. There is potential for continuing sales now that the Chinese industry is familiar with Canadian barley and additional expansion of malting capacity is foreseen.

China is a potential market for Canadian malt. Consumption of beer in China is steadily increasing, in turn augmenting the demand for malt. China now imports 6,000 to 9,000 tonnes of malt annually. It is anticipated that additions to brewing capacity between the present time and 1985 could lead to imports in the short term of more than 200,000 tonnes annually. Brewing capacity is expected to increase from a 1980 level of 6.0 million hectolitres to 30.0 million hectolitres by 1985.

### Canadian Grain Marketing Efforts

The longstanding status of the PRC as one of Canada's largest grain export markets is as important to the Canadian Wheat Board's long-term marketing strategy as the stability of supply that Canada represents to customers such as the PRC. This long-term trade relationship is being enhanced increasingly by the technological co-operation and exchange

### Wheat Imports — China

Crop Year (July-June)	Argentina	Australia	Canada	U.S.	EEC	All Sources
(thousands of tonnes)						
1977-78	373	4,603	3,321	225	—	8,522
1978-79	885	1,382	3,181	2,610	—	8,058
1979-80	465	3,575	2,621	1,929	90	8,680
1980-81	200	1,397	2,892	8,663	607	13,759
1981-82	199	1,413	2,827	8,494	116	13,050
1982-83	1,956	1,170	4,242	4,186	1,410	12,936
*1983-84	1,000	1,700	3,600	3,000	100	9,400

Source: IWC World Wheat Statistics

\*Preliminary, IWC Market Report, July 26/84

that has taken place in recent years. The Canadian Wheat Board, Canadian International Grains Institute and the Government of Canada look forward to further development of this mutual understanding of one another's needs and capabilities.

Canadian marketing efforts in China have included frequent exchanges of visits between Canadian Wheat Board representatives and China National Cereals, Oils and Foodstuffs Import and Export Corporation (CEROILS) officials. Canadian Grain Commission officials have been extensively involved with their Chinese counterparts on questions of grain inspection and quality control. In addition, the Canadian International Grains Institute (CIGI) has hosted participants from China at a number of its international grains industry and special courses. Our grain trade concerns have also been an important component of incoming and outgoing ministerial visits.

### **Other Agricultural Products**

In addition to wheat and other cereal grains, other areas of opportunity in the agricultural sector include livestock, genetic material and agricultural consulting. China's two main import priorities in the agricultural field involve dairy cattle and China's ability to process, store and market agriculture and food products. Improvements in their swine and pork product also have a high priority.

A number of areas have been identified where the PRC could benefit from Canadian technology. These areas include sustained agricultural use of grasslands; food processing industries; farm machinery; forestry technology; pollution and environmental care technology; livestock and crop disease control; increased requirements for fertilizers, including potash. In addition, improved prospects for livestock and dairy cattle exports exist, subsequent to the signing of a bilateral veterinary agreement.

## **2. CAPITAL PROJECTS AND EQUIPMENT**

### **Introduction**

China wants to buy high-technology goods and Canadian companies could be in line for significant new business opportunities. The Vice-Chairman of the State Economic Commission has indicated, for example, that China expects to conclude a large number of contracts worth more than U.S. \$1 billion in the near future.

Imports of capital equipment are expected to grow by about 20 per cent in 1984 and 1985, slowing a bit in 1986. Emphasis will be shifted from turnkey plants to technology transfers, licenses and purchases of specific capital equipment.

The recoverable oil reserves in the South China Sea are estimated at between 40 and 100 billion barrels. The Chinese Premier has assured foreign oil companies that they would not be forced out of any big petroleum discoveries they make off China's coast. He is quoted as saying that China's co-operation

with foreigners to develop its resources was a long-term policy that would not change.

The PRC seeks to double coal output, with help from foreign investment, and quadruple electric power production by the year 2000 to fuel its economic modernization drive. The *Peking Review* reported that 20 per cent of industrial production capacity is idle because of insufficient electricity. In addition, rural areas need at least 20 per cent more electricity than is now available.

China plans to import advanced technology to step up the construction of coal mines, railway lines, harbours and other infrastructure projects. A 10 per cent tax on capital construction projects not included in the state plan has been levied by the Chinese Ministry in an attempt to slow a massive expansion in uncontrolled investment. Energy and transportation development projects and the construction of educational and medical installations, however, are exempt.

### **Areas of Concentration**

Nine areas have been identified for concentration, where Canadian capabilities would be appropriate to Chinese development plans, as follows:

- aerospace and aviation;
- data communications and transmission products;
- electronic and electrical products;
- hydro generation and transmission equipment and services;
- mining and metallurgy technology (particularly coal);
- oil and gas exploration, development and processing;
- packaging technologies;
- satellite communications and earth station antennas, particularly for resource applications; and
- transportation equipment and technologies for railways and ports.

### **Telecommunications**

Telecommunications is a promising sector for Canadian companies, particularly in the areas of satellite communications and digital switching equipment. Canada and China share the problems of communicating over vast distances and greatly varied terrain. The expertise gained in establishing telecommunications networks in Canada should serve us well in our efforts to develop markets in China. Other hi-tech products, for example, aircraft, and urban transportation equipment and services, appear to offer opportunities for Canadian sales.

### **Energy**

Energy is another sector which holds promise for Canadian firms. The recent example of involvement by Petro-Canada International and Ranger Oil in a BP-led consortium drilling offshore in the South



Arrangements could undoubtedly be made for the Chinese to have access to this technology. China is developing the manufacturing capability at higher voltage levels but is not expected to have the capacity needed to meet its market demand.

## Projects under Consideration by the World Bank in China

The PRC joined the World Bank in 1980, replacing Taiwan as the Chinese representative at the bank. Over the last three years, the World Bank has developed a lending program and its commitment in China is almost U.S. \$2 billion at the moment.

Because of its ambitious modernization plans, China is anxious to maximize its access to the International Development Association (IDA) funds of the World Bank. The following are representative of the types of projects currently financed by the World Bank for China. Information on the progress of these projects is available in the *United Nations Development Forum* magazine.

- Ministry of Agriculture, Animal Husbandry and Fishery. U.S. \$35.3 million (Bank); U.S. \$45.0 million (IDA). Heilongjiang Agriculture — Development of 200,000 ha. of uncultivated land to grow wheat, soybeans and corn.
- Ministry of Water Resources and Electric Power. \$150.0 million (Bank). Lubuge Hydropower — Construction of a rockfill dam, tunnels, and a 600 MW underground powerhouse in Yunnan Province.
- Ministry of Coal. U.S. \$220.0 million (Bank). Luan/Jincheng Coal — Development of two fully mechanized longwall underground mines of up to 4 mtpa each in Shanxi Province.
- Ministry of Education. U.S. \$64.9 million (IDA). Politechnic-TV University Project — Strengthening of post-secondary education by support of politechnic and the Television University.
- Ministry of Railways (Bank). Railways 1 — Track construction and upgrading in Henan, Shandong and Shanxi Provinces, primarily to transport coal for export.
- Ministry of Agriculture, Animal Husbandry and Fishery. Rubber Development — Replanting and new planting of 35-40,000 ha. in Guangdong Province.
- Agricultural Bank of China (ABC). Rural Credit — Provisions of credit through ABC for agricultural and other rural activities in selected provinces and institutional development of ABC.
- Ministry of Health. Medical Education and Rural Health — Strengthening of teaching in medical colleges and of rural health services in selected provinces.
- Ministry of Education. U.S. \$100.0 million (IDA). Specialized Universities Project — Strengthening selected technical universities to expand the quantity and improve the quality of science and technical graduates.

- Ministry of Communications. Second Ports Project — Modernizing and improving cargo handling facilities in selected ports.
- Technical Assistance Credit — To provide technical assistance for the preparation and execution of bank-supported projects and for other related activities.
- Ministry of Petroleum. Karamai Oilfield — Heavy oil development (U.S. \$130 million); Daqing Oilfield.

## 3. TRADE DEVELOPMENT ASSISTANCE AND INDUSTRIAL CO-OPERATION

### The Canada-PRC Environment

The increasing involvement of the People's Republic of China, following the Cultural Revolution, in contemporary international affairs is one of the most significant factors influencing international politics today. The precedence of Canada's establishment of diplomatic relations with the PRC in 1970, China's seat in the United Nations, and the vigorous program of exchanges carried out over the past several years have been contributing factors in the emergence of Canada-China bilateral relations.

During the period since the establishment of diplomatic relations with China and the exchange of ambassadors, a number of ministerial visits have taken place, starting in the summer of 1971 with a delegation of Canadian officials and businessmen led by the Minister of Industry, Trade and Commerce. During that visit, a framework for Sino-Canadian economic co-operation was established providing for the exchange of missions, trade exhibitions and regular consultation on trade matters and securing agreements from the Chinese to "consider Canada first" as a source of wheat to meet their domestic needs.

In October 1973, the Prime Minister visited China. During this visit bilateral agreements and understandings were reached in such areas as trade, consular affairs (family reunification) and scientific and cultural exchanges. Ministerial visits are part of an ongoing program of developing co-operation with China and will continue in a number of fields.

### Trade Promotion

The Canadian Embassy in Peking maintains a commercial section which provides front-line information on the China market. Canada's trade relations with China are supervised nationally by the Department of External Affairs (DEA). The governments of Ontario, Quebec and Alberta maintain trade offices in Hong Kong with responsibility for China.

Hong Kong's location as a key deep water port and traditional role as an entrepot for China make it an ideal venue for many companies from which to approach the China market. The existence of experienced agents who are familiar with both North American and Chinese ways of doing business, the presence of dozens of PRC-controlled trading companies and banks, as well as the fact that most

foreign investment in the Special Economic Zones has so far been derived from Hong Kong are good reasons for Canadian companies to consider Hong Kong as a possible gateway to the China market. Many Canadian companies as well as financial institutions have offices in Hong Kong with an eye on China, in addition to the thriving Hong Kong market for goods and services.

Various forms of financial support are available from both federal and provincial sources. In particular, the federal Program for Export Market Development (PEMD) is a facility for Canadian exporters to explore markets with some financial assistance.

More information about PEMD, or of complementary provincial programs, can be obtained by contacting the regional or provincial offices listed in the Appendix of this market guide.

The DEA provides support to Canadian companies (under the Promotional Projects Program and also under PEMD) to participate in international trade fairs. The objective of this assistance is to help Canadian companies make direct sales at the fair sites, to establish agents or representatives, and to initiate contacts with potential clients throughout the world. The Industrial Co-operation Program of the Canadian International Development Agency (CIDA) has been active in China.

In order to succeed in the PRC market the traditional approach to international marketing, in some instances, will need to be modified to include joint ventures, transfer of technology, countertrade, after-sale service, and creative pricing and financing.

### **Program for Export Market Development**

PEMD helps incorporated Canadian businesses to develop, increase and sustain their activities by sharing with them the costs of specific export marketing efforts. It is geared to:

- encourage businesses that have not exported previously to begin exporting; and
- encourage established exporters to expand their activities into new markets.

PEMD provides up to 50 per cent of the costs incurred by a company in its penetration of new markets. These contributions are repayable if sales are made to that market.

The program has various sections, each designed to meet a specific circumstance which may result while developing or expanding new or existing export markets.

Section A:	Specific Project Bidding
Section B:	Market Identification Trips
Section C:	Participation in Trade Fairs Abroad
Section D:	Incoming Foreign Buyers
Section E:	Export Consortia
Section F:	Sustained Export Market Development
PEMD FOOD:	Export Markets for Agriculture, Fisheries and Food Products
PEMD FISH:	Export Markets for Atlantic Groundfish and Herring, and West Coast Fisheries

Contact the nearest office of the Department of Regional Industrial Expansion (DRIE) for more details on PEMD (see "Useful Contacts" Section for addresses).

### **The Promotional Projects Program**

The Promotional Projects Program (PPP) is a vehicle through which the federal government plans and implements exhibits and trade fairs abroad, outgoing and incoming trade missions, and incoming trade visits by foreign buyers and government delegations.

The program underwrites some of the cost to industry of participating in promotional events that are organized by DEA. These events are designed to increase the knowledge of foreign buyers about Canadian products and capability and to undertake export market intelligence gathering.

For more information on the PPP for the PRC contact DEA's East Asia Trade Development Division (see "Useful Contacts").

### **Provincial Relations and "Twinning"**

Canadian provinces have become increasingly involved in Canada-China relations over the past few years, often in conjunction with PRC provinces sharing similar economic and cultural interests. Alberta and China's northeasternmost province of Heilongjiang, for example, have signed a "twinning" agreement and Premier Lougheed in the fall of 1983 returned an earlier visit by his counterpart, Governor Chen Lei. Saskatchewan Premier Devine also travelled to China during that period, visiting in particular Jilin Province with which a twinning agreement was signed in June 1984. Ontario has announced that it will be twinned with Jiangsu Province, while Quebec and British Columbia (among other provinces) have also had extensive contacts with China in the fields of trade, sports, education, etc. The phenomenon of "twinning," or establishing close co-operative relations with an equivalent organization or government unit, also exists below the provincial level, for example the linking of the two garden cities of Victoria, B.C. and Suzhou, Jiangsu Province, and the understanding between Guelph and Peking Agricultural Universities. Canadian business can benefit from these open, co-operative relationships.

### **Export Financing**

In the People's Republic of China, EDC's activities are guided by a \$2 billion General Financing Protocol signed with the Bank of China (BOC) on October 1, 1984. The protocol, which is available for a four-year period, sets out the framework for the relationship between the BOC and EDC. Under the protocol, EDC financing is available both in the form of buyer's credit and supplier credit. In terms of buyer's credit, the BOC may borrow funds from EDC either on behalf of the buyer or with the intention of on-lending the funds to the buyer. EDC financing is available for up to 85 per cent of the contract price of the Canadian capital equipment and services, at fixed and floating rates of interest, in Canadian or U.S. dollars and in

other currencies requested by the BOC and available to EDC. Repayment of loans will be in semi-annual instalments over a period to be determined by the BOC and EDC but in any case not to exceed 10 years. In its supplier credit program, EDC can make it possible for Canadian exporters to offer deferred payment terms to Chinese buyers by purchasing from the supplier promissory notes or other debt instruments issued by the Chinese buyer to the Canadian supplier where such notes are guaranteed for payment by the BOC. In addition to the General Financing Protocol with the BOC, EDC has established a number of multi-country regional lines of credit with Canadian banks' overseas subsidiaries and other financial institutions for on-lending to buyers in various countries in Asia, including the People's Republic of China.

EDC's foreign investment insurance program is also available for the China market following the conclusion of a bilateral Foreign Investment Insurance Agreement between EDC and China in early 1984.

The five major Canadian chartered banks have offices in Peking which concern themselves with trade facilitation and a certain degree of project financing; the Royal Bank has recently also entered a joint venture with the China International Trust and Investment Corporation (CITIC) to arrange or finance other joint ventures in China. Wood Gundy also has an office in Shanghai.

The PRC pays cash for needed bulk products such as wheat, fertilizers and base metals, but when it comes to manufactured goods, Chinese interest centres on approaches like joint ventures and countertrade. Pressures for concessional financing for manufactured goods are considerable. Competitive financing for China is one of the greatest challenges in tapping the Chinese market.

### **Government-to-Government Transactions**

China, with its state-owned import-export organizations, is a natural market for government-to-government transactions using Canadian Commercial Corporation (CCC) services for multi-item equipment procurements and for other goods and services. Examples of the type of products and services provided include the supply of photovoltaic solar power systems and the refurbishing of mining trucks. The CCC's ability to package Canadian bids for World Bank projects is a desirable feature for future commercial transactions with the PRC.

### **Private Sector**

The Canada-China Trade Council, with headquarters in Toronto and an office in Peking, was founded in June 1978 to assist Canadian businessmen, both exporters and importers, in doing business with China. Private sector initiatives in conjunction with ministerial level missions and other government-supported activities are part of a continuing effort to expand the commercial relationship between Canada and China.

## **Canadian International Development Agency**

The Canadian International Development Agency (CIDA) has put in place a series of assistance measures to help Canadian companies investigate opportunities in developing countries including the PRC. These constitute the agency's Industrial Co-operation Program. The goal of the program is to assist the Canadian private sector in its efforts to become involved in the industrial development of the less developed countries (LDCs).

The principal avenue of support for Canadian technology transfer to a developing country is via the involvement of Canadian companies in commercially viable joint ventures. In many countries, Canadian companies must become involved in some sort of joint venture to maintain a long-term foothold in the market. Joint ventures are defined as co-production arrangements, assembly, licensing, capital or technology investment, and equity participation. While providing transfer of technology and skills, import substitution, jobs, profits, etc., to the developing country, "joint ventures" are a viable marketing device for the Canadian company to gain access to markets which may otherwise be closed because of foreign local regulations, distance, or uncompetitiveness with other countries. They can also act as a base for penetrating third-country markets. The Chinese are actively seeking participation in technology transfers on a joint-venture basis, particularly if opportunities for export to other Asian countries are likely.

CIDA's Industrial Co-operation Program has been active in China for approximately two years but is already supporting many firms in a wide variety of sectors, from food processing to electronic components. Chinese experts advise that concluding a joint venture agreement is a long-term task, averaging three years. However, several Canadian firms have made much quicker progress in discussions with the Chinese. This can be expected particularly in areas where good export and import substitution opportunities exist.

Investment is only one of the ways in which Canadian technology and know-how can be transferred to China. In addition to the programs in support of joint ventures, the Industrial Co-operation Division of CIDA under its Canadian Project Preparation Facility (CPPF) provides support to Canadian consultants and engineers to undertake prefeasibility or project definition studies of capital projects, where there is some likelihood of downstream project implementation, project financing (other than CIDA), a good developmental impact, and a possibility of Canadian supply of goods and services to the subsequent stages of the project. The CPPF has been used in China primarily for the initial study of upgrading of industrial facilities as this is a more economical way to improve industrial facilities than starting from scratch. Projects have ranged from chemical and pulp and paper facilities to the oil and transportation sectors.

The Industrial Co-operation Program of CIDA can be of interest to other Canadian private sector initiatives including seminars and a visits program. Bringing together Canadian and developing country experts to increase opportunities for an exchange of knowledge and information on industrial development opportunities may be supported by CIDA through the provision of travel and living expenses where there is a good likelihood of follow-up business collaborations. An example of this was the support for experts from several Asian countries to attend the Pacific Rim Opportunities Conference III. This mechanism is particularly useful in China initially for Canadians to establish their credentials with the Chinese. Several companies have received support from CIDA to carry out training seminars in fields ranging from forestry to cement production. These training seminars should go beyond the presentations of a firm's products and services in that they should be designed as leads into prospective transfer of technology activities.

Many private educational institutions, co-operatives, professional associations and other non-governmental organizations in Canada are developing linkages with their Chinese counterparts to share their joint expertise and experience in development activities from which both Chinese and Canadian partners can benefit. The organizations concerned are responsible solely for planning and implementing these activities. CIDA's Special Programs Branch has various ways of assisting this work through matching contributions, each method is designed to ensure that support is provided in the most appropriate and flexible way.



abroad. Foreign exchange reserves had risen to U.S. \$16 billion at the end of 1984 (not including 12 to 13 million ounces of gold) while foreign debt stood at less than U.S. \$4 billion. Imports are projected to grow by about 20 per cent annually in 1984 and 1985, slowing in 1986. Emphasis will shift from turnkey plants to technology transfer, licenses and purchases of agricultural machinery, fertilizer, pesticides, steel, timber, chemicals, test instruments, and high-precision machinery.

## Investment

In 1979, to speed up regional development of specific areas and to experiment on a small scale with foreign investment, the Chinese government created four special economic zones (SEZs): Shenzhen, Zhuhai, Shantou and Xiamen. In these areas, the PRC offered potential investors (mainly from Hong Kong and Macao, or Chinese abroad) special preferential treatment including taxation, duties, land rental and labour. The aim was to attract, over the short term, capital, technology and expertise. Products from enterprises in the zones are sold on the international market, or replace foreign imports. China has also added 14 coastal cities as well as Hainan Island to the four existing special economic zones where foreigners can establish foreign-owned enterprises or joint ventures with access to the Chinese domestic market.

The PRC's push to attract foreign investment capital will continue. Chinese authorities say that 105 new equity ventures were concluded in 1983 — against 10 in 1982 — bringing the total number of equity deals over the last five years to 166. Although figures have not yet been released for last year, preliminary estimates suggest an even higher figure for 1984 than for 1983.

So far much of the action has been from Hong Kong, but there are an increasing number of joint ventures (both in the zones and elsewhere in China) by well-known Japanese, American and European firms. Last year's regulations — containing 188 articles — to implement the 1979 Joint Venture Law were among the many attempts to clarify the investment climate. Chinese authorities, in wishing to encourage joint ventures, are offering incentives such as domestic funds and wider access to the domestic market. For example, Chinese policy allows for 100 per cent foreign ownership in places other than coastal areas and the special economic zones: U.S.-based 3M's electrical tape and insulating resins plant in Shanghai will be the first venture approved under the new regulations. Because of the constantly changing Chinese legal system it would be prudent to consult with a China-knowledgeable lawyer or accountant.

Natural resources, especially offshore oil and coal, will continue to attract major foreign investment. The Chinese will probably succeed in wooing foreign oil firms onshore in the next three to five years, despite the remoteness of their richest reserves.

Facilities for the production of machinery, services and consumer goods will attract foreign capital, although the Chinese will be most eager for ventures that include transfer of high technology. The patent law, which will take effect in April 1985, should make it easier to conclude such deals.

Bilateral agreements and treaties will give further evidence of Peking's desire to improve the investment environment. In early 1984 Canada signed a Foreign Investment Insurance agreement with China.

## Foreign Trade

Total PRC trade for 1983 was U.S.\$ 43.4 billion, made up of \$U.S. 22.1 billion in exports and U.S.\$ 21.3 billion in imports, for an export balance of almost U.S.\$ 0.8 billion.

Over the last few years, PRC trade (imports and exports) as a percentage of GDP (IMF calculation), has risen from 10 per cent (1978) to 16 per cent (1983). Imports have risen from about U.S.\$16 billion to \$21 billion over the last five years while exports rose from \$14 to \$22 billion over the same period. China is steadily becoming a more significant world trader; in 1981, for example, PRC exports topped 1 per cent of global totals for the first time, and China was the world leader in sales of several commodities, from pig bristles to tungsten, fireworks to tea.

Despite a low volume of trade *per capita* (\$40), the external sector is also becoming important to China. Its modernization drive is fueling demand for foreign technology and its export industries are providing foreign exchange for these essential imports while also propelling domestic growth.

Recent studies on the composition and direction of Chinese trade and investment flows have suggested the following conclusions:

- a) Over the next few years, China is likely to continue its imports of grain, industrial raw materials and components, agricultural chemicals and certain building materials while significantly increasing imports of machinery, vehicles and technical equipment in priority sectors such as energy, transportation, light industrial production and education. Defence items do not seem likely to constitute large-scale imports in the near future.
- b) The PRC balance of trade is likely to return to a deficit. Attempts will be made to limit the deficit by promoting exports of foodstuffs, light industrial goods (especially textiles), machinery, chemicals, metals and perhaps light arms. Energy (oil and coal) will continue to form a significant part of Chinese exports, but rapid growth of oil exports is unlikely because of falling world prices and rising domestic demand, at least until offshore oil production comes on tap at the end of the decade.
- c) The developed nations (especially Japan, the United States, the Federal Republic of Germany, and Canada) will continue to dominate PRC trade,

especially as import sources. In 1983, these nations represented more than 50 per cent of combined imports and exports. China will attempt to balance this by aggressive export marketing in the Third World, with some parallel import (raw material) diversification from these regions. The Middle East, in particular, will probably continue to be a significant growth area for Peking. Trade with Communist states, especially the Soviet Union, has been growing strongly, although from a fairly small current base. Hong Kong will remain a major entrepot for China trade.

### PRC: Principal Trading Partners, 1983

PRC: Principal Trading Partners, 1983		
	(U.S.\$ millions)	
Imports	Value	% of Total PRC Imports
Japan	5,495	25.8
U.S.	2,753	12.9
Hong Kong	1,710	8.0
<b>CANADA</b>	<b>1,587</b>	<b>7.4</b>
F.R.G.	1,209	5.7
Argentina	649	2.9
Exports		
	Value	% of Total PRC Exports
Hong Kong	5,797	26.2
Japan	4,517	20.4
United States	1,713	7.7
Jordan	1,520	6.9
F.R.G.	862	3.9
United Kingdom	602	2.7
<b>CANADA</b>	<b>208</b>	<b>0.9</b>

Source: Directory of Trade Statistics Yearbook (IMF), 1984

### Foreign Policy

Since 1970, China has developed a co-operative relationship with Japan and the West, initially based on strategic considerations but in recent years increasingly reflecting economic needs as well. Following cutbacks under the policy of economic re-adjustment, there has been an improvement in China's financial position and there are plans for modest growth in international purchasing particularly in the priority areas of agriculture, light industry and infrastructure. Steadily increasing volumes of trade and China's continued need for Western technology to effect modernization suggest that economic relations with Japan and the West are likely to grow still further.

Peking has recently mounted a major export drive to the developing nations. China has also become increasingly open to foreign, including Canadian, aid and has expanded its role in multilateral financial institutions by joining the IMF and IBRD in 1980 and applying to join the Asian Development Bank in 1983.

## 2. CHARACTERISTICS OF CANADA-CHINA TRADE

### Trade Agreement

Under a trade agreement signed in 1973 and extended for three-year terms in 1976, 1979 and 1982, Canada and China grant each other Most Favoured Nation trading status. In addition, an Economic Co-operation Protocol governing increased bilateral activity in a number of sectors was signed in 1979 as an addendum to the trade agreement.

Towards recognizing the importance China attaches to developing sales of its products to Canada, Canada granted the People's Republic General Preferential Tariff Treatment effective January 1, 1980. This decision reduces the rate of duty on eligible Chinese imports by one-third or more. However, sensitive items such as textiles and clothing are excluded from the General Preferential System. The present composition of Chinese exports to Canada is such that more than 20 per cent of China's total sales are eligible for General Preferential Tariff Treatment. Moreover, this percentage could increase significantly if China is successful in diversifying its exports to Canada.

Commercial relations with China are facilitated through the Canada-China Joint Trade Committee which meets alternately in Ottawa and Peking. A large number of commercial delegations are also exchanged.

### Line of Credit

Recently, efforts have focused on China's drive to modernize, drawing in part on foreign technology and credits. To this end, the Export Development Corporation has established U.S.\$ 2 billion line of credit to China to support the purchase of Canadian services and equipment. Private Canadian banks have also extended facilities to the Bank of China for import financing.

### Canada-China Trade

Near-term opportunities for Canada in the Chinese market appear more promising than they have in recent years when readjustment policies greatly affected China's capital goods imports. With recent improvements to PRC's fiscal situation and the recognition that there exist significant infrastructure difficulties which hamper modernization, the Chinese are expected in the coming years to devote significant resources to energy, transport and communications, natural resource exploitation, and selective industrial modernization.

Canada has traditionally enjoyed a surplus in trade with China. Canadian exports to China totalled \$1.5 billion in 1983, \$1.1 billion in 1984, while imports from China totalled \$246 million in 1983.



There is no regular direct general cargo service between Canada and China. Consequently, general cargo and containerized shipments are either trans-shipped through New York on China's national carrier, the China Ocean Shipping Company (COSCO), which is represented by Redburn Inc. in Montreal, or transported from Canada by third-country carriers for furtherance through Hong Kong or Kobe on Chinese and Japanese conventional shuttle services. The principal Chinese ports for handling Canadian general and containerized cargo are Shanghai and Huang-pu.

## IV. APPENDICES

### APPENDIX A

#### PEOPLE'S REPUBLIC OF CHINA FACT SHEET

Area	— 9.6 million km <sup>2</sup>
Population	— (1983): 1.025 billion — Annual population growth (1983): 1.15% — Workforce: 406 million — Students: 208 million
Economy	— GNP (1983) at market prices: U.S.\$260 billion — Per capita GNP U.S.\$259.40 — Average GNP growth 1978-83: 3.0% — Agriculture as % of GNP: 41.8% (1982) — Industry as % of GNP: 30.1% (1982) — Capital formation as % of GNP: 9.7% (1982)
Budget	— Total expenditures (1983): U.S.\$63 billion — Total revenues (1983): U.S.\$62 billion — Defence as % of expenditures: 15.3% (1983) — Culture, health and education as % of expenditure: 16.2% (1983)
Foreign Trade and Finance	— Exports (1983): U.S.\$22.1 billion — Imports (1983): U.S.\$21.3 billion
Canadian Trade	— Imports from China (1984): C\$ .334 billion — Exports to China (1984): \$ 1.279 billion — Surplus (1984) \$ .945 billion
Language	Mandarin Chinese (Putonghua) is the official language and is taught in all schools. English is sometimes spoken by those having frequent contact with foreign businessmen. There are also many other dialects of Chinese and minority languages.
Government	The Chinese government is headed by a President, Li Xiannian, by a National People's Congress under its Chairman Peng Zhen, and by a State Council (Cabinet) under Premier Zhao Ziyang. Although elections are held, the Communist Party effectively controls them and also all policy decisions. China is a unitary centralized state but is divided for administrative purposes into 21 provinces, five minority autonomous regions and three directly-administered cities.
Currency	The local currency is the yuan or Renminbi (RMB). In November 1984, 1 Renminbi was worth C\$0.50. Although the currency is non-convertible, some contracts are negotiated in Chinese currency (RMB). All major Canadian chartered banks have made arrangements with the Bank of China to handle RMB accounts.
Canadian Representation	The Embassy is located at 10 San Li Tun Road, Beijing (Peking, telephone: 521-475). Cable: DOMCAN PEKING. Canadian Commission, Commercial Division, 14-15 Floors, Asian House, 1 Hennessy Road, Hong Kong (Hong Kong, telephone: 5-282222). Cable: DOMCAN HONG KONG.

## APPENDIX B

### GUIDE TO RELEVANT LITERATURE

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External Affairs Canada: *People's Republic of China, A Guide for Canadian Exporters*.

External Affairs Canada: *So You Want to Export*. . . . Information and tips to help Canadian firms enter new markets abroad.

External Affairs Canada: *Trade Promotion Support*. Outline of support under the Promotional Projects Program and the Program for Export Market Development.

Canadian Export Association: *Export Roadmap*. A reference book outlining for exporters points of contact with the federal government and agencies in Ottawa and across Canada.

Province of Ontario, Ministry of Industry and Trade: *How to do Business in China*. Written from a provincial perspective.

Province of British Columbia, Ministry of Industry and Small Business Development: *China Economic Overview — A British Columbia Perspective*.

The Royal Bank of Canada, World Trade and Merchant Banking Division, Royal Bank Plaza, 200 Bay Street, Toronto, Ontario, M5J 2J5: *Market Guide, People's Republic of China*.

The Hong Kong and Shanghai Banking Corporation, 1 Queen's Road Central, Hong Kong, excellent factual summaries:

- *The People's Republic of China*
- *Shenzhen, Special Economic Zone*
- *Hong Kong*.

Canadian Far East Media Services, 128 Evans Avenue, Toronto, Ontario, M6S 3Y8: *How To Do Business in Asia*, Jan. 1984. Practical guide with operational advice for all Asia.

China Publications Centre, P.O. Box 399, Peking, China, official publications of the PRC government:

- *Economic Readjustment & Reform*
- *China's Search for Economic Growth*
- *China's Foreign Trade Corporations and Organization 1982*
- *China's Economy and Development Principles*
- *Experiment in Sichuan — A Report on Economic Reform*
- *China's Socialist Economy*
- *China's Foreign Economic Legislation*
- *China Foreign Trade* (bimonthly).

*China Daily*, North American Edition (published in New York City). The only PRC newspaper printed in English; parent edition issued in Peking.

Kaplan and Sabin, (Eurasia Press, NY): *Encyclopedia of China Today*. A good one-volume reference work on the Chinese economic situation.

U.S./China Trade Council: *China Business Review*. An excellent monthly source of information on current market conditions in China.

*Far Eastern Economic Review* (Hong Kong). A widely respected weekly journal of economic and political developments in East Asia.

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## APPENDIX C

### USEFUL CONTACTS

#### In Canada

East Asia Trade Development Division (PET)  
Department of External Affairs  
125 Sussex Drive  
Ottawa, Ontario  
K1A 0G2  
Tel.: (613) 996-7582  
Info Export  
(toll free): 1-800-267-8376  
(in B.C.: 112-800-267-8376)

Export Development Corporation  
151 O'Connor Street, P.O. Box 655  
Ottawa, Ontario  
K1P 5T9  
Tel.: (613) 598-2500  
Telex: 053-4136

Canadian Commercial Corporation  
Export Supply Branch  
Ottawa, Ontario  
K1A 0S6  
Tel.: (819) 997-5714  
Telex: 053-3703

Embassy of People's Republic of China  
511-515 St. Patrick Street  
Ottawa, Ontario  
K1N 5H3  
Tel.: (613) 234-2718  
Telex: 053-3770

Consulate General of People's  
Republic of China  
3380 Granville Street  
Vancouver, B.C.  
V6H 3K3  
Tel.: (604) 736-4021  
Telex: 045-4659

#### In China

Canadian Embassy  
10 San Li Tun  
Chao Yang District  
Peking  
Cable: DOMCAN PEKING  
Telex: 22717 (CANAD CN)

China Council for the Promotion  
of International Trade (CCPIT)  
4 Taipingjiao Dajie  
Peking

#### For China

China International Trust and  
Investment Corporation  
Bank of China Building  
Hong Kong

Industrial Co-operation Division  
Canadian International Development Agency  
200, promenade du Portage  
Hull, Quebec  
K1A 0G4  
Tel.: (819) 997-7901  
Telex: 053-4140

China Bilateral Program  
Canadian International Development Agency  
200, promenade du Portage  
Hull, Quebec  
K1A 0G4  
Tel.: (819) 994-3420

Canada-China Trade Council  
Suite 805, 199 Bay Street  
Toronto, Ontario  
M5J 1L4  
Tel.: (416) 364-8321

Canadian Export Association  
Suite 250, 99 Bank Street  
Ottawa, Ontario  
K1P 6B9  
Tel.: (613) 238-8888

Canadian Manufacturers' Association  
One Yonge Street, 14th Floor  
Toronto, Ontario  
M5E 1J9  
Tel.: (416) 363-7261

All-China Federation of  
Industry and Commerce  
93 Dong Anmen  
Peking

China International Trust and  
Investment Corporation  
2 Qianmen Dong Dajie  
Beijing (Peking)  
People's Republic of China  
Cable: 0207 Beijing  
Tel.: 558841; 550905

Canadian Commission  
Commercial Division  
14-15th Floors, Asian House  
1 Hennessy Road  
Hong Kong  
Cable: DOMCAN HONG KONG  
Telex: (802) 73391 (73391 DOMCA HX)

## DRIE REGIONAL OFFICES

If you have not previously marketed abroad, or if you wish to apply for assistance under PEMD, contact any regional trade officer of the Department of Regional Industrial Expansion at the addresses listed below:

### **Alberta**

Cornerpoint Building  
Suite 505  
10179 – 105th Street  
Edmonton, Alberta  
T5J 3S3  
Tel.: (403) 420-2944

### **Manitoba**

185 Carlton Street  
P.O. Box 981  
Winnipeg, Manitoba  
R3C 2V2  
Tel.: (204) 949-4090

### **Newfoundland**

Parsons Building  
90 O'Leary Avenue  
P.O. Box 8950  
St. John's, Newfoundland  
A1B 3R9  
Tel.: (709) 772-4884

### **Nova Scotia**

1496 Lower Water Street  
P.O. Box 940, Postal Station "M"  
Halifax, Nova Scotia  
B3J 2V9  
Tel.: (902) 426-2018

### **Prince Edward Island**

Confederation Court Mall  
134 Kent Street, Suite 400  
P.O. Box 1115  
Charlottetown, Prince Edward Island  
C1A 7M8  
Tel.: (902) 566-7400

### **Saskatchewan**

6th Floor  
105-21st Street East  
Saskatoon, Saskatchewan  
S7K 0B3  
Tel.: (306) 975-5314

### **British Columbia**

Bentall Centre, Tower IV, Suite 1101  
1055 Dunsmuir Street  
P.O. Box 49178  
Vancouver, British Columbia  
V7X 1K8  
Tel.: (604) 666-0434

### **New Brunswick**

Assumption Place  
770 Main Street  
P.O. Box 1210  
Moncton, New Brunswick  
E1C 8P9  
Tel.: (506) 388-6400

### **Northwest Territories**

Precambrian Building  
P.O. Bag 6100  
Yellowknife, Northwest Territories  
X1A 1C0  
Tel.: (403) 920-8568 or 8571

### **Ontario**

1 First Canadian Place  
Suite 4840  
P.O. Box 98  
Toronto, Ontario  
M5X 1B1  
Tel.: (416) 365-3737

### **Quebec**

Stock Exchange Tower  
800 Victoria Square, Suite 4328  
P.O. Box 247  
Montreal, Quebec  
H4Z 1E8  
Tel.: (514) 283-8185

### **Yukon**

Suite 301  
108 Lambert Street  
Whitehorse, Yukon  
Y1A 1Z2  
Tel.: (403) 668-4655

## PROVINCIAL GOVERNMENT CONTACTS

For information on provincial programs and services:

### **Alberta**

Trade Development Branch  
Department of Economic Development  
11th Floor, Sterling Place  
9940-106th Street  
Edmonton, Alberta  
T5K 2P6  
Telex: 037-2197

Market Development Branch  
Alberta Department of Agriculture  
3rd Floor, J.G. Donoghue Building  
Edmonton, Alberta  
T6H 5T6  
Telex: 037-2029

### **British Columbia**

Ministry of Industry and Small Business Development  
Suite 315, Robson Square  
800 Hornby Street  
Vancouver, British Columbia  
V6Z 2C5  
Telex: 04-55459

### **Manitoba**

Trade Branch  
Department of Industry, Trade and Technology  
5th Floor, 155 Carlton Street  
Winnipeg, Manitoba  
R3C 3H8  
Telex: 07-587833

### **Newfoundland**

Department of Development  
Atlantic Place, Water Street  
P.O. Box 4750  
St. John's, Newfoundland  
A1C 5T7  
Telex: 016-4949

### **New Brunswick**

Marketing and Trade Services Division  
Department of Commerce and Development  
P.O. Box 6000  
Fredericton, New Brunswick  
E3B 5H1  
Telex: 014-46100

### **Nova Scotia**

Market Development Centre  
Department of Development  
5151 George Street  
P.O. Box 519  
Halifax, Nova Scotia  
B3J 2R7  
Telex: 019-22548

### **Ontario**

International Marketing Branch  
Ministry of Industry and Trade  
Hearst Block, Queen's Park  
Toronto, Ontario  
M7A 2E1  
Telex: 06-219786

### **Prince Edward Island**

P.E.I. Development Agency  
First Street, West Royalty Industrial Park  
P.O. Box 1510  
Charlottetown, Prince Edward Island  
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Telex: 014-44109

### **Quebec**

Direction Générale de l'expansion des marchés  
Ministère du Commerce extérieur  
770 Sherbrooke Street West, 6th Floor  
Montreal, Quebec  
H3A 1G1  
Telex: 055-61760

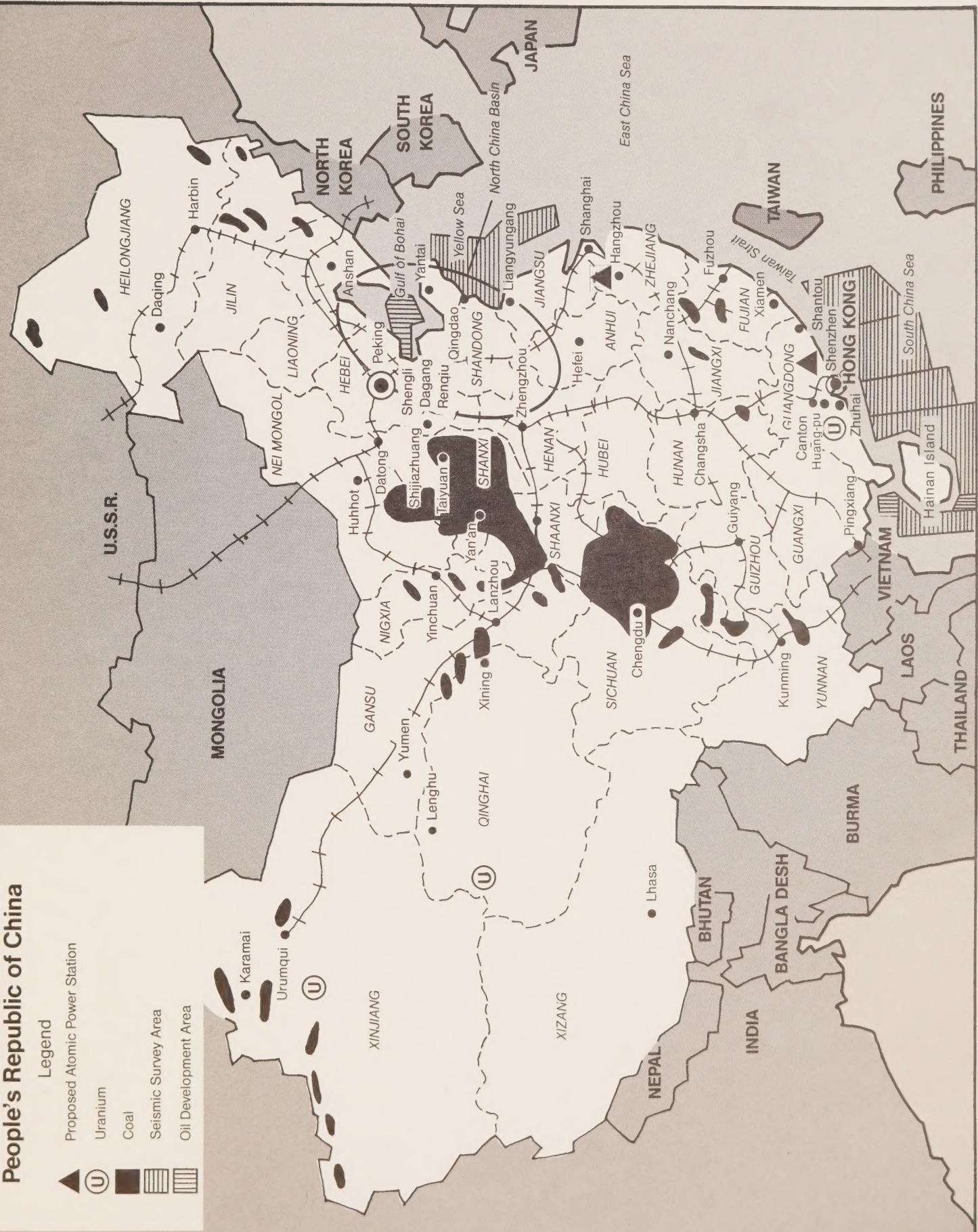
### **Saskatchewan**

Department of Economic Development and Trade  
2103-11th Avenue  
4th Floor  
Regina, Saskatchewan  
S4P 3V7

# People's Republic of China

## Legend

- ▲ Proposed Atomic Power Station
- Uranium
- Coal
- Seismic Survey Area
- Oil Development Area
- ◆ (U) Proposed Atomic Power Station









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Canada 

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